

PRESS RELEASE

Congressman Gary G. Miller
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Permanent Loan Limit Increase Authorized by Congressman Miller Passes the House

Washington, DC – This afternoon, the House of Representatives approved language authored by Reps. Gary Miller and Jerry McNerney to permanently increase the loan limits for Fannie Mae, Freddie Mac, and the Federal Housing Administration. The provision was included in H.R. 3221, the Foreclosure Prevention Act of 2008, which passed the House 266 to 154.

“Right now, borrowers and lenders don’t know what to expect,” said Rep. Gary Miller. “Home prices are fluctuating, credit is tightening, and foreclosures are going up. Adding to the uncertainty is the possibility that loan limits will suddenly drop at the end of the year. I applaud my colleagues for voting to permanently increase loan limits and bring some stability back to the housing market.”

By law, the Federal Housing Administration (FHA) is prevented from insuring mortgages above a certain size. The Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, are similarly barred from purchasing loans above a certain dollar amount.

When the Economic Stimulus Act of 2008 was signed into law earlier this year, the loan limit for both programs was temporarily increased to a maximum of \$730,000. That increase, however, is set to expire on December 31, 2008.

The measure approved today by the House would make the loan limit increases contained in the Economic Stimulus Act permanent. The bill now heads to the Senate. Without action by the end of the end of this year, the GSE conforming loan limit will revert back to \$417,000 and the FHA-insurable limit to \$362,000, far too low to be effective for California homebuyers.

Added Rep. Miller, “The bill today creates a real opportunity for homeowners in California to refinance into safe, affordable mortgages. I call on the Senate to follow the House’s lead and enact a permanent loan limit increase as quickly as possible.”

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